

From: Kris Kimel [kkimel@kstc.com]
Sent: Friday, April 01, 2005 2:38 PM
To: restructure.sizestandards@sba.gov
Subject: RIN 3245-ZA02

Attn: Mr. Gary M. Jackson, Assistant Administrator for Size Standards, SBA
Re: Exclusion of venture capital (VC) companies in size determination for SBIR Program

Dear Mr. Jackson,

The Kentucky Science and Technology Corporation opposes exclusion from affiliation for venture capital companies (VCC) in size determinations for eligibility in the SBIR Program for the following reasons:

1. SBIR program was created exclusively for small businesses to allow them to pursue their innovative ideas with federal R&D dollars made available through a highly competitive process. All small businesses with limited resources were to have an equal and fair chance of getting the SBIR award. They should not be put in a situation to compete with a subsidiary of a non-qualifying entity.
2. VC companies have enormous resources in terms of capital, talent, experience and ideas to out compete small businesses, which find it hard to compete with a player having unlimited resources.
3. VC companies are not dependent on SBIR funds alone but non-VC small businesses do.
4. Because of its geographical location and perceived as a rural state, states such as Kentucky have very little VC interest. If the VCCs are not excluded from the eligibility criteria then small businesses in Kentucky and other similar states will be almost deprived of their fair chances to remain competitive.
5. The SBIR money is likely to be awarded disproportionately to states (such as California, Massachusetts, New York, Maryland.....), which already have an advantage over small rural states.

In view of our above listed concerns, we strongly oppose the idea of excluding venture capital companies from their affiliations. The Kentucky Science and Technology Corporation works with small businesses on a daily basis to help them become successful to fuel not only local but also regional and national economy.

If there are any questions, please contact me at (859) 233-3502 ext. 223.

Sincerely,

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